



Alton Coal Development, LLC

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MAR 30 2011
DIV. OF OIL, GAS & MINING

Date March 29, 2011

Daron R. Haddock
Coal Program Manager
Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Subject: Annual Report 2010, Alton Coal Development LLC, Coal Hollow Mine, C/025/0005

Dear Mr. Haddock,

Alton Coal Development, LLC (ACD) is providing the following report summarizing progress on all regulatory commitments contained in the approved Mining and Reclamation Plan for the Coal Hollow Mine as requested. As of December 31, 2010 the following progress had been made:

- I. Provide inspection reports certified by a professional engineer for periodic inspections of any excess spoil permanently placed in a location other than a mined-out area.**

No spoils had been placed in the Excess Spoil Pile.

Provide reports certified by a professional engineer for all periodic inspections during impoundment construction.

The excavated portion of Pond 2 had been constructed as of this date; all other impoundments had not been started. A report certified by a professional engineer for impoundment construction in 2011 is anticipated to be complete early in April.

- II. Indicate on the Annual Report how much topsoil and subsoil has been removed and where it has been stored (by reference to Drawing 2-2 in the MRP). If any has been live-hauled, so indicate.**

218,735 cubic yards (c.y.) of topsoil were removed, 25,289 c.y. was placed in Topsoil Pile #1, 137,021 c.y. was placed in Topsoil Pile #2 and 56,425 c.y. was placed in Topsoil Pile #3. 73,070 c.y. of subsoil were removed, all of which were placed in the Subsoil Pile. No topsoil was live hauled in 2010.

As a reminder, the MRP requires a soil sampling program during the initial phase of mining (generally, the first year.)

152 acres of topsoil was removed in 2010, soil samples were collected.

III. *Indicate any work done during 2010 to reestablish connectivity between the Alton and Hoyt's Ranch sage grouse populations.*

Work shown as "Proposed Treatment 2010" in Figure 2 of the "Greater Sage-grouse and Habitat Improvement Progress Report" submitted to DOGM October 8, 2010 was completed in 2010.

IV. *Indicate any work that was done in 2010 toward establishing a 72-acre parcel of sage grouse habitat.*

Work completed on the Conservation Area was reported to DOGM in a letter dated October 27, 2010.

V. *DOGM requests an annual summary of utilization of the cleared area for nesting and brood rearing. DWR would have this information along with its monitoring data in connection with item VIII, below.*

Areas cleared in the sage grouse conservation area were disked in October 2010, a nesting and brood rearing season since has not occurred.

VI. *DOGM requests a report on the status of the area disked and seeded during fall of 2010. Indicate the number of acres disked and seeded for sagebrush restoration during 2010.*

Approval for mining was received November 10, 2010, construction activities were in progress the remainder of 2010 and there was no reclamation completed in 2010.

VII. *Report on activities conducted to encourage sage grouse mating at locations away from the disturbed area, if any. The mitigation plan calls for Alton to employ mating calls and place decoys at the new location, as appropriate, during the mating season.*

The sage grouse mating season is a springtime activity beginning in March and continuing into May, as no areas were disturbed until after approval for mining was received in November, there were no efforts to encourage sage grouse to a new location.

VIII. *Report any monitoring data regarding population densities at the Hoyt's Ranch and Alton lek sites.*

A preliminary report by Dr. Steven Peterson was sent to the Division including monitoring data at Hoyt Ranch and Alton lek.

Alton must notify DOGM six months prior to mining through the lek in Sink Valley.

Alton Coal Development did not make notification to DOGM in 2010, due to the fact that mining through the lek will not occur until late in year 2 or possibly early year 3 of mining.

IX. *Predator Control - Indicate that this requirement was completed for 2010.*

Alton Coal's involvement in predator control was included in the "Greater Sage-grouse and Habitat Improvement Progress Report" submitted to DOGM October 8, 2010. Also, attached is an e-mail from Wildlife Services summarizing success for their 2010 activities.

X. *Provide the 2010 log of any road kill by mine-related traffic of deer, elk, sage grouse, or domestic livestock anywhere between the mine site and highway 89.*

No road kill was logged by mine related traffic between the mine site and highway 89.

Indicate whether and when employees were trained in wildlife awareness procedures, whether in new employee orientation or periodic safety meetings.

Periodic safety meetings

XI. *Water Replacement Well*

The water replacement well which will be used for dust control also was drilled in October of 2010. Its function as a water replacement well does not occur until overburden removal on pits 13, 14, and 15 which were not mined in 2010.

XII. *Clarify the intent of this statement at the beginning of the Hydrologic Report and PHC Determination. "As additional hydrologic and hydrogeologic data become available, this report will be periodically updated to reflect the new information."*

The statement was intended for no other purpose than to reserve the right to revisit the PHC and its conclusions if the monitoring data warranted it. No such circumstances arose during 2010.

XIII. *Review and Evaluate the Facilities Spill Plan.*

A review of the spill plan is required every five years. The first such review is due in 2014.

XIV. *Legal, Financial, Compliance and Related Information.*

Updated information was submitted to the Division December 30, 2010 of a change in management, which is found in DOGM online file system at C0250005/2011/INCOMING/01032011.pdf

XV. *DOGM requires a mine map current as of December 31, 2010, meeting MSHA standards.*

Please let me know if you have any questions or concerns.

Sincerely

A handwritten signature in blue ink, appearing to read "B. Kirk Nicholes", with a stylized, flowing script.

B. Kirk Nicholes
Environmental Specialist